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September 30, 2020

Anne L. Austin
Principal Deputy Assistant Administrator
Office of Air and Radiation
United States Environmental Protection Agency
William Jefferson Clinton Building
1200 Pennsylvania Avenue N.W.
Mail Code 6101A
Washington, D.C. 20460

RE: TREATMENT OF OFFSHORE CABLE-LAYING VESSEL ACTIVITIES UNDER THE 40 C.F.R. PART 55, OUTER CONTINENTAL SHELF AIR REGULATIONS

Dear Ms. Austin:

On behalf of Orsted Wind Power North America LLC (Orsted), we are requesting guidance from the Environmental Protection Agency (EPA or Agency) regarding the permitting of offshore wind energy projects that Orsted is currently developing in the Outer Continental Shelf (OCS). Orsted is a global leader in the development, construction, and operation of offshore wind farms. In the United States, Orsted is actively working to build and bring online more than 15,000 megawatts of new offshore wind generating capacity by 2030. This effort will require Orsted to obtain separate air permits pursuant to 40 C.F.R. Part 55 for the construction and operation of several new wind projects off the eastern seaboard.

As discussed briefly below and in more detail in the attached analysis, this request arises from an issue raised in discussions for a project with Region 1: whether and how the OCS New Source Review (NSR) permitting requirements (OCS NSR permits) should apply to pull-ahead anchor cable-laying vessels (CLVs). Orsted expects other of its projects—both within Region 1 and in Regions 2 and 3—will submit notices of intent or OCS NSR air permit applications within the next year. CLVs will be used to install offshore electric transmission cables (export cables) connecting these new offshore wind farms on the OCS to landfall locations where the cables connect to onshore substations and related infrastructure. Our analysis specifically focuses on CLV activities conducted by those vessels utilizing anchors for propulsion, as the Agency has already determined that CLVs using a dynamic positioning system (computer-controlled thrusters rather than anchors) are not OCS sources.



Attached for your review is an analysis that Orsted has prepared on the statutory and regulatory provisions relevant to the OCS NSR permitting issues, as well as administrative and judicial precedent interpreting these provisions. Based on our detailed review of these issues in the attached analysis, we seek confirmation or clarification on the following points:

- Transmission cable-laying activities conducted by CLVs utilizing anchors for propulsion should not be regulated as an OCS source and treated as "stationary source" activities because the CLVs do not meet the specific applicability criteria for regulating those vessels as an OCS source under the Clean Air Act and the implementing regulations at 40 C.F.R. Part 55. As explained in the attached analysis, CLVs utilizing anchors for propulsion fail to meet the OCS source definition criteria that a vessel be (1) "permanently or temporarily attached to the seabed;" (2) "erected thereon;" and (3) "used for the purpose of exploring, developing, or producing resources therefrom, within the meaning of section 4(a)(1) of OCSLA (43 U.S.C. §1331 et seq.)." These vessels are in continual motion and use pull-ahead anchors for propulsion purposes, not for staying fixed in one place or being continuously attached to the sea floor for any meaningful time period.
- Even if such CLV activities were subject to OCS NSR regulation, those vessel activities—which can stretch for many dozens of miles along a linear route—should be aggregated with the primary OCS source activities for the development of the wind farm. Those primary OCS source activities consist of the construction and operation of the offshore Wind Turbine Generators (WTGs) and other related offshore activities in the Wind Development Area (WDA).²
- Consequently, for purposes of modelling and for determining the potential to emit, the geographic boundaries should be limited to 25 miles of the centroid of the WDA. This geographic limitation is required by current EPA policy for defining the boundaries of a "stationary source" under the federal NSR program.

A consistent national approach that correctly applies the relevant statutory and regulatory requirements to cable laying activities in the OCS would assure consistency among the EPA regions and expedite the issuance of OCS NSR permits for other offshore wind projects along the Atlantic seaboard, including Ocean Wind, Revolution Wind, Sunrise Wind, and Skipjack Wind now being developed by Orsted.

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¹ See Section 328(a)(4)(C) of the Clean Air Act, 42 U.S.C. § 7627; 40 C.F.R § 55.2.

² The WDA generally consists of the leased area of federal OCS waters where the WTGs for the particular wind project will be installed and operated.

We look forward to discussing this issue with you and your staff and answering any questions.

Sincerely,

Stephen C. Fotis

Stephen C Fates

Counsel for Orsted Wind Power North America LLC

CC: Karl Moor

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TREATMENT OF CABLE-LAYING VESSEL ACTIVITIES ON THE OCS UNDER 40 C.F.R. PART 55, OUTER CONTINENTAL SHELF AIR REGULATIONS

EXECUTIVE SUMMARY

Orsted has been working with Region 1 in advance of submitting an Outer Continental Shelf (OCS) New Source Review (NSR) permit for South Fork Wind, which will be located on the OCS off the coasts of Rhode Island and Massachusetts. One important issue raised by Region 1 pertains to when and how the OCS air regulations under 40 C.F.R Part 55 should apply to cable-laying vessels (CLVs) installing the offshore export cables that will transmit the electricity generated by these new offshore wind farms to onshore substations and related infrastructure.

Orsted is proposing to use CLVs that move along portions of the designated cable route by a series of winches and anchors when the use of the dynamic positioning system (DPS) is not feasible.¹ Tugboats place anchors along the cable route ahead of the CLV, and winches on the CLV pull in the anchor, moving the vessel forward. This provides sufficient forward momentum (while minimizing lateral drift) for the vessel to pull a jet plow or similar cable burial device. When engaged in cable-laying activity, the vessels are not stationary but instead lay and bury cable behind the vessel at a rate of about two miles per day.²

The focus of this inquiry has been on only those CLV activities conducted by vessels utilizing anchors for propulsion. The Agency already has determined that CLVs are not OCS sources for NSR purposes in those cases when these vessels are using a DPS (a computer-controlled system of thrusters with no anchors) to advance and maintain lateral position along the export cable route.³ While CLVs can, and frequently do, use DPS, seafloor conditions and water depth may necessitate the use of pull-ahead anchors to

¹ A dynamic positioning system uses computer-controlled thrusters to maintain position along the cable route, and the ship's forward momentum comes from its own on-board propulsion, not winches and anchors. At the time of permit application submittal, it is difficult to know with precision the portions of the route for which Orsted can use a DPS instead of a vessel using pull ahead anchors. To take a conservative approach that will ensure maximum operational flexibility, Orsted is proposing in its OCS NSR permit applications that the anchors will be regularly used for propulsion purposes to help the vessel pull cable-laying equipment (such as a jet plow) along the export cable-laying route.

² CLVs are distinct and different from the jack-up vessels that are used to install foundations and structures for supporting the WTGs and associated wind farm equipment. As a general matter, these jack-up vessels (whether self-propelled or not) have retractable metal legs with spud cans that attach to the seafloor. The metal legs, along with a mechanical lifting system, enable the vessel to lower its legs into the seabed and elevate its hull to provide a stable work deck. In a prior OCS NSR permit for the construction and operation of another wind farm project, EPA has determined that a jack-up vessel becomes an OCS source when at least three legs have attached to seafloor and ceases to be an OCS source when the vessel retracts enough of its legs from the seafloor so that fewer than three legs remain attached to the seafloor. *See Outer Continental Shelf Air Permit for the Cape Wind Energy Project*, OCS-R1-01 at 4 (2011) (definitions of OCS Attachment and OCS Detachment).

³ EPA Memorandum, *Source Determination Analysis for Vineyard Wind OCS Windfarm* at 9 (June 26, 2019) (Vineyard Wind OCS Guidance).

provide additional propulsion for pulling the cable laying equipment behind the vessel.⁴ In this instance, the Region also has preliminarily treated CLVs using pull-ahead anchors as OCS sources, but Orsted understands EPA is still examining how these vessels should be treated as a general matter under the OCS NSR program.

The following analysis concludes that CLV activities are not the type of stationary-source activities that should be regulated as an "OCS source" under 40 C.F.R. Part 55 because these vessels do not meet <u>all</u> of the required elements that are set forth in the regulatory definition of "OCS source" at 40 C.F.R. § 55.2.

According to the regulations, an OCS source "means any equipment, activity, or facility which: (1) Emits or has the potential to emit any air pollutant; (2) Is regulated or authorized under the Outer Continental Shelf Lands Act ("OCSLA") (43 U.S.C. § 1331 et seq.); and (3) Is located on the OCS or in or on waters above the OCS."⁵ The definition "shall only include vessels when" they meet one of following two eligibility conditions:

- The vessel is "[p]ermanently or temporarily attached to the seabed and erected thereon and used for the purpose of exploring, developing or producing resources therefrom, within the meaning of section 4(a)(1) of OCSLA (43 U.S.C. § 1331 et seq.);" or
- The vessel is "[p]hysically attached to an OCS source, in which case only the stationary source aspects of the vessels will be regulated."

The CLV activities at issue here do not meet the requirements noted above for OCS regulation. In particular, the CLVs never become "permanently or temporarily attached to the seabed," and are not erected on the seabed. This conclusion is confirmed not only by the interpretation of those terms not just in EPA's preamble discussions to the Part 55 OCS regulations, but also by numerous rulings of EPA's Environmental Appeals Board, U.S. Customs and Border Protection, and various federal court decisions regarding the limitations placed on the regulation of OCS sources under the Clean Air Act (CAA or Act) and the Outer Continental Shelf Lands Act (OCSLA).

The function and nature of CLV activities are more akin to mobile sources than stationary sources. Notably, EPA has expressly recognized that activities exempted from Part 55 OCS regulation include those activities where vessels are traveling "en route to or from an OCS source" and those "non-stationary source activities while at dockside" at the OCS source.⁸ Because these CLVs are in perpetual motion and use pull-ahead anchors as a

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⁴ Such equipment includes a mechanical cutter, mechanical plow, and jet plow.

⁵ 40 C.F.R. §55.2.

⁶ *Id*.

⁷ See Section 328(a)((4)(C) of the Clean Air Act, 42 U.S.C. § 7627; 40 C.F.R § 55.2. In addition, if EPA insists upon treating CLVs as separate and distinct OCS sources, CLVs would also fail to meet the third criterion of being used for the purpose of exploring, developing or producing resources therefrom within the meaning of section 4(a)(1) of OCSLA (43 U.S.C. §1331 et seq.)."

⁸ Outer Continental Shelf Air Regulations, 57 Fed. Reg. 40,792, 40,794 (Sept. 4, 1992).

propulsion method and not to fix the vessels at one specific location, they do not meet the condition of attachment as required by the EPA regulations.

Likewise, these CLV activities fail to meet the condition that vessel must be "erected thereon" for the purpose of OCS exploration, development or resource production. To be erected thereon, the Environmental Appeals Board (EAB) has determined that a vessel must be attached to the seabed and sufficiently secure and stable to commence operations. Mere attachment is not sufficient. These are characteristics deemed critical by the EAB when assessing whether it is appropriate to regulate a vessel's activities as part of the OCS source and subject to NSR permitting requirements.⁹

Finally, in the event that the CLV activities were ever determined to meet all of the applicability criteria noted above for an OCS source (which is not the case), the analysis below presents the reasons why EPA would be required to aggregate the CLV activity with the other emitting elements of the wind farm. As a result, EPA should limit the geographic scope of the OCS source to only those CLV activities occurring within 25 miles of the centroid. The obligation to limit the geographic scope not only makes good practical sense, but also is required by current EPA regulations and policy for defining the boundaries of a "stationary source" under the federal NSR program.¹⁰

CABLE-LAYING VESSELS ARE NOT AN OCS SOURCE BECAUSE THE VESSEL DOES NOT ATTACH TO THE SEABED AND IS NOT ERECTED THEREON

The Part 55 OCS regulations, which implement Section 328 of the CAA, establish detailed rules for determining which offshore sources and vessel emissions activities are subject to the NSR permitting requirements.¹¹ Among other things,¹² the definition of "OCS source" at 40 C.F.R. § 55.2 includes only those vessels that meet one of the following two eligibility conditions. The first is that the vessel is "[p]ermanently or temporarily attached to the seabed and erected thereon and used for the purpose of exploring, developing or producing resources therefrom, within the meaning of section 4(a)(1) of OCSLA (43 U.S.C. §1331 et

¹¹ See 40 C.F.R. § 55.3 (establishing the applicability rules).

⁹ Furthermore, the analysis below demonstrates that CLV activities—if treated as a separate and distinct source—would also fail to meet the condition that the vessel is being used for exploration, development, or production of resources on the OCS. Most importantly, the purpose of CLV activities is to install offshore export cable on the seabed. This activity is fundamentally different from the activities of the primary OCS source—namely the generation of electricity by the operation of offshore WTGs and other associated activities in the WDA. As discussed below, the only way CLV activities can be characterized as performing a "resource development" function is if they are treated as a support facility for the WTGs and other activities that comprise the OCS source.

¹⁰ Vineyard Wind OCS Guidance at 9-12.

¹² The federal regulations at 40 C.F.R. § 55.2 also define an OCS source to include any equipment, activity, or facility that (1) emits or has the potential to emit any air pollutant; (2) is regulated or authorized under the OCSLA (43 U.S.C. § 1331 *et seq.*); and (3) is located on the OCS or in or on waters above the OCS. These three requirements are identical to the three criteria for defining an OCS source under section 328(a)(4)(C) of the Clean Air Act.

seg.)."¹³ The second is that the vessel is "[p]hysically attached to an OCS source, in which case only the stationary source aspects of the vessels will be regulated."14

The CLV does not meet the second eligibility condition stated above. The vessel is used to lay submarine electric cable between the offshore substations and from those substations to the landfall location near the onshore substation. The CLV never physically attaches to an OCS source (e.g., jack-up vessels of substation with diesel generator). The cable has no potential to emit and thus cannot be an OCS source.

With respect to whether offshore CLV activities satisfy the first eligibility condition, Region 1 views the two terms—"attached to the seabed" and "erected thereon"—as synonymous or interchangeable. The following is a brief analysis of the many reasons why it is not appropriate for EPA to determine that the CLVs that use anchors for propulsion meet this first eligibility condition. It also demonstrates how the two requirements attached and erected thereon—are not interchangeable and instead are separate, independent requirements.

As discussed below, this interpretation is confirmed by the well-established cannon of statutory construction that requires full effect be given to every clause or word of the statute or regulation. In addition, it is confirmed by Part 55 preamble statements reflecting EPA's intent to exclude from regulation "non-stationary source activities." Finally, it is confirmed by rulings of the EAB, U.S. Customs and Border Protection (CBP) of the Department of Homeland Security, and various federal court decisions regarding the limitations placed on the regulation of OCS sources under the CAA and the OCSLA.

CAA/OCSLA Statutory Construction: Courts aim "to give effect, if possible, to every clause and word of a statute." Courts are thus "reluctan[t] to treat statutory terms as surplusage" in any setting. 16 The case against surplusage is strongest when an interpretation would render superfluous another part of the same statutory scheme. 17

In evaluating section 4(a)(1) of OCSLA (43 U.S.C. § 1331 et seq.) as incorporated by the CAA, courts would interpret Congress' intent for "attached to" and "erected thereon" to serve as independent requirements based on the surplusage canon. The definition of "erected" implies fixedness in position—befitting of a stationary source—and EPA should not gloss over it. 18 Every clause and word of the OCSLA and CAA are to have

¹³ 40 C.F.R. § 55.2.

¹⁵ United States v. Menasche, 348 U.S. 528, 538-539 (1955) (quoting Montclair v. Ramsdell, 107 U.S. 147,

¹⁶ Babbit v. Sweet Home Chapter, Communities for Great Ore., 515 U.S. 687, 698 (1995).

¹⁷ Marx v. General Revenue Corp., 568 U.S. 371, 386 (2013); see also Appalachian Power Co. v. EPA, 135 F.3d 791, 819 (1979) (refraining from interpreting CAA in a way that creates surplusage in the context of interpreting compliance deadlines for NO_x emissions under the Acid Rain Program); Motor and Equipment Mfrs. Ass'n, Inc. v. EPA, 627 F.2d 1095, 1107 (1979) (interpreting EPA's waiver authority related to in-use maintenance of motor vehicles); Demette v. Falcon Drilling Co., Inc., 280 F.3d 492, 498 n. 19 (5th Cir. 2002) (determining that certain jack-up vessels can be considered OCSLA-regulated sources).

¹⁸ See Merriam Webster Dictionary ("[T]o fix in an upright position ...").

effect; to ascribe the same meaning of "attached to" as "erected upon" would deem the corresponding phrase superfluous, void, or insignificant. And as in instances where the case against surplusage is strongest, which is where an interpretation would render superfluous another part of the same statutory scheme, so would treating "attached to" the same as "erected thereon" render superfluous the other phrase as the two requirements are in the same statutory scheme—the definition of an OCS source under the OCSLA, as incorporated by the CAA. Courts have upheld cases against surplusage under the statutes at issue here, the OCSLA and the CAA, so courts would likely apply a case against surplusage in this situation and find "attached to" and "erected thereon" to have separate, different, independent meanings in the statutory scheme.

Part 55 Preamble Statements: EPA's preamble to the final Part 55 OCS regulations makes it clear that "only the vessel's stationary source activities may be regulated" and "when vessels are in transit, they are specifically excluded from the definition of OCS source by statute."¹⁹ In support of this interpretation of the CAA, EPA cites to legal precedent confirming that "only the stationary source activities of vessels at dockside will regulated under title I of the Act (which contains NSR and [Prevention of Significant Deterioration (PSD)] requirements), since EPA is prohibited from directly regulating mobile sources under that title."²⁰ This point is further underscored by EPA's preamble statement that "Section 328 [of the CAA] does not provide authority to EPA to regulate the emissions from engines being used for propulsion of vessels" under Title II of the CAA.²¹ Such activities that are exempted from Part 55 OCS regulation include those activities where vessels are traveling "en route to or from an OCS source" and those "non-stationary source" activities while at dockside" at the OCS source.²²

Viewed in light of these preamble statements, a strong factual case can be made for characterizing the activities undertaken by CLVs as mobile (i.e., non-stationary) sources that should not be subject to Part 55 OCS regulation. As described above in the previous section, both the function and activities of CLVs are akin to those of mobile sources. The anchors of CLVs are not used for affixing the vessel in one particular place like an oil and gas drill ship or other vessel that anchors to the seabed to establish a secure and tight connection to prevent movement from a specific location. Rather, the anchors are used to pull CLVs forward along the export cable route at a rate of up to two miles per day. In effect, the vessels are using the anchors for propulsion purposes and to maintain position along a linear route. This function is characteristic of mobile sources in transit, rather than stationary sources attached at one fixed location on the seabed.²³ The CLVs may be moving slowly, but they are always mobile.

²² Id.

¹⁹ Outer Continental Shelf Air Regulations, 57 Fed. Reg. 40,792, 40,793 (Sept. 4, 1992).

²⁰ 57 Fed. Reg. at 40,793-94 (citing *NRDC v. EPA*, 725 F.2d 761 (D.C. Cir. 1984)).

²¹ *Id.* at 40.794.

²³ The amount of time that a project may need to use pull-ahead anchoring will depend on water depth, seafloor characteristics, and other site-specific factors. If the vessel can pull the cable laying equipment using DPS alone, anchor pulling may not be needed at all. For other projects, it may be appropriate to use only anchor pulling or some combination of DPS and anchor pulling, with the proportion of anchor-pulling use determined by site-specific conditions and vessel capabilities.

EAB Decisions on "Attached to" Criterion: The preceding interpretation of the statute and regulations is consistent with several EAB decisions on the meaning of the phrase "attached to the seabed." In a 2010 decision involving drill ship activities for the exploration of oil in the Chukchi and Beaufort Seas, 24 the EAB generally affirmed the EPA Region's determination that a drill ship used for oil exploration "does not become an OCS source until it is sufficiently secure and stable in a position to commence exploratory activities." Under this interpretation, attachment to the seabed only occurs once the drill ship "is attached by an anchor to the seabed at a drill site" so that the drill ship is fixed "at the location for the purpose of exploring, developing, or producing resources from the seabed and its activities are more closely aligned with the activities of a stationary source than of a vessel transiting the sea." 26

In a subsequent EAB decision in 2011, also involving Shell Gulf of Mexico, Inc. and Shell Offshore Inc.'s (collectively, Shell) same offshore exploratory activities, the EAB further clarified that—

The purpose of "attachment" within the definition of "OCS source" in 40 C.F.R. § 55.2 is to prevent or minimize relative movement between two vessels, between a vessel and a dock structure, or between a vessel and the seabed.²⁷

The EAB based its interpretation, in part, on the plain meaning of the regulatory term "attached to," which is defined in the dictionary to mean "to make fast," "firmly fix," "fasten," "secure," or "join." Another important factor in support of this conclusion was the "intermittent and insubstantial" physical connections between the drill ship and icebreaker vessel at issue in this case. Based on this factor, the EAB concluded that the anchor cable, which is repeatedly connected and disconnected from one of the drill ship's anchors, is not intended in any way to restrict the location of the icebreaker vessel. Rather, the anchor cable will be played out as the icebreaker travels away from the drill ship so that the icebreaker is merely transporting the anchor and the end of the anchor cable to the designated anchor site. The EAB agreed with EPA that this does not constitute "attachment" as that term used in the definition of OCS source.

Although the EAB did not define with precision when a vessel becomes attached to the seabed (or an OCS source), these two decisions clearly establish several minimal federal requirements for making an affirmative determination on attachment. First, the vessel must

²⁴ See In re Shell Gulf of Mex., Inc., 15 E.A.D. 103 (E.A.B. 2010) (Shell 2010), order on motions for reconsideration and clarification (E.A.B. 2011).

²⁵ 15 E.A.D. at 135.

²⁶ *Id.* at 134, 137.

²⁷ In re Shell Gulf of Mex., Inc., 15 E.A.D. 193, 200 (E.A.B. 2011) (citing 57 Fed. Reg. at 40,793-94 (referencing activities of vessels while "at dockside")).

²⁸ *Id.* at 199 (citations omitted).

²⁹ See id. at 201.

³⁰ *Id.* at 200-01.

be attached by an anchor to the seabed at a location for the purpose of exploring, developing, or producing resources from the seabed—such as placing the anchor at a drill site. Second, attachment does not simply mean "any physical connection between" the vessel and the seabed. Rather, the connection must be substantial and last for an extended time period.³¹ And third, the vessel's activities (once the requisite connection to the seabed has occurred) must be more closely aligned with the activities of a stationary source than a vessel that is moving from one location to another.³²

As noted above, CLV activities fail to satisfy the necessary factors leading to an affirmative determination on attachment. First, the anchors of CLVs are not used for affixing the vessel in one place like a drill ship or other vessel that anchors to the seabed to establish a secure and tight connection. In fact, the vessels are continually redeploying the anchor ahead of the vessel along the export cable route. Second, the anchors are only used in order to assist during cable burial operations at those times when the nature of the seafloor and water depth require more pulling force than the ship's thrusters could provide alone. As noted above, the exact amount of time that the anchors are used will depend on the site-specific conditions and a variety of circumstances that the vessel may encounter in laying the electric cable. And third, as noted above, CLVs operate more like mobile sources than stationary sources.

EAB Decisions on "Erected Thereon" Criterion: The EAB has determined on several occasions that the "erected thereon" criterion is not synonymous with the "attached to" criterion, but rather imposes a separate and distinct requirement. The first time was the 2010 EAB decision on Shell's offshore exploratory activities discussed above. While rejecting the Region's overly subjective test for determining when a vessel is "attached to the seabed and erected thereon,"33 the EAB generally agreed with the Region's interpretation of what types of OCS activities satisfy these regulatory requirements. In the case of "erected thereon," this criterion was interpreted to mean that a vessel is attached to the seabed and "sufficiently secure and stable to commence operations," such as when a drill ship is attached at a fixed location and begins to drill into the seabed for the exploration or production of oil.³⁴ "Erected thereon" therefore requires the vessel to be securely attached to the seabed and relatively immobile.

The EAB provided further guidance on the meaning of "erected thereon" in a related case involving Shell's offshore exploratory activities in 2012.³⁵ In this subsequent case, the EAB affirmed as "a cogent, well-reasoned analysis of the statutory and regulatory requirements for an OCS source,"³⁶ the interpretation that the "erected thereon" criterion "is 'intended to reflect the process by which a vessel becomes attached to the seabed and used thereafter for the purpose of exploring, developing, or producing resources from the

³¹ See id.

³² See Shell 2010, 15 E.A.D. at 133-43.

³³ See id. at 143-48.

³⁴ See id. at 135-43.

³⁵ See In re Shell Gulf of Mexico, Inc., 15 E.A.D. 470 (E.A.B. 2012) (Shell 2012).

³⁶ *Id.* at 493.

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seabed."³⁷ In support of this conclusion, the EAB relied on the plain meaning of the verb "to erect," explaining that—

its customary meaning "to construct" or "to build" suggests that the activity be carried out to a plan or specification, and that requiring the attachment to the seabed occur at the location where the OCS activity is reasonably expected to occur, *i.e.*, at the drill site, ensures that attachment to the seabed is related to engaging in the systematic and planned activity as an OCS source, and not for other purposes such as waiting out a storm or anchoring in a harbor to get supplies.³⁸

Based on this interpretation of the regulation, the EAB concluded that merely attaching to the seabed is a necessary, but not sufficient, condition for classifying a drill ship as an OCS source under 40 C.F.R. § 55.2. In particular, the EAB determined that the vessel must also meet the "erected thereon" criterion, which requires that the vessel be "attached to the seabed *at a drill site* where it can reasonably be *expected to conduct OCS activities*"—namely those activities *directly related* to exploring, developing, or producing resources.³⁹

Notably, in reaching this conclusion, the EAB emphasized the importance of the vessel's attachment to the seabed being in close proximity to where the applicant plans to undertake the activities as an OCS source. According to the EAB, the failure to impose this geographic limitation would "lead to absurd results" of classifying as a OCS source a drill ship that anchors "literally hundreds of miles away from the drill site where OCS activity will occur." Based on this interpretation of the "erected thereon" criterion, there needs to be close geographic correspondence between the location where the vessel attaches to the seabed and the location where an authorization has been provided to conduct the OCS activity—whether that activity is the production of oil or the renewable generation of electricity.

Applying this guidance to the development of offshore wind farms in the OCS, it is clear that the CLVs do not meet these requirements for "erected thereon." One important factor in support of this conclusion is that the CLVs are not located and erected upon the seabed at the specific site of where the OCS activities are authorized to take place—namely the area where WTGs are located and generating electricity. Rather, the vessels are simply laying cable along a route from the WTGs to the landfall location near the onshore substation. As a result, a CLV will be attaching its anchors many miles away from the

³⁷ *Id.* at 491 (quoting Supplemental Statement of Basis for Proposed OCS PSD Permits, *Noble Discoverer* Drillship, at 23 (July 6, 2011) (Supplemental Statement).

³⁸ *Id.* at 491 (citing Supplemental Statement at 24 and dictionary definitions of "to erect").

³⁹ *Id.* at 491 (emphasis added).

⁴⁰ *Id.* at 491-92. This interpretation is also consistent with the requirements for calculating the "potential to emit" of the OCS source. In particular, the OCS regulations include the emissions of vessels servicing or associated with an OCS source only "while at the source and while enroute to or from the source within 25 miles of the source." 40 C.F.R. §55.2 (definition of potential emissions).

center point of the wind farm. In the case of South Fork Wind, this distance will likely range up to 60 miles from the center of the wind farm as the CLV travels from the WTGs to the offshore substations and then onto the onshore substation; future projects could see even longer distances. Based on these considerations, it is clear that the CLVs will not be functionally operating as a fixed structure erected upon the seabed—such as when a drill ship attaches to the seabed and operates as a stationary source for the exploration or production of oil. Nor will these vessels be fixed in one location like the jack-up vessels or the offshore substations.

<u>CBP Rulings</u>: The CBP also has issued numerous rulings confirming that OCS vessel activities, similar to those of CLVs used for developing offshore wind farms, are not subject to the coastwise custom and navigation laws⁴¹ under the OCSLA.⁴² These CBP rulings further bolster the conclusion that such CLVs also do not meet the same OCSLA requirement contained in the OCS source definition.

In the case of those vessels using DPS, the CBP has repeatedly ruled that such vessels do not meet the requirements of OCSLA section 4(a)(1) and thus are not regulated by the coastwise custom and navigation laws.⁴³ The CBP's rationale for its rulings was that DPS vessels lack "any permanent or temporary attachment to the seabed" and, without such actual physical attachment, the vessel cannot be classified as "a coastwise point" subject to U.S. laws, as required by OCSLA section 4(a)(1).⁴⁴ In addition, the CBP has ruled that a vessel is not attached to the seabed when the vessel is "connected temporarily to the piles by a winch" and "used solely for pipe laying purposes and not for the purpose of 'exploring for, developing, or producing resources' from the OCS" for purposes of the OCSLA.⁴⁵ The CLVs are connected to the anchors by a pull-ahead winch, and the logic for pipe laying applies equally to the laying of transmission cable on the seafloor.

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⁴¹ Generally, the coastwise laws prohibit the transportation of passengers or merchandise between points in the United States embraced within the coastwise laws in any vessel other than a vessel built in, documented under the laws of, and owned by citizens of the United States. Title 46 of the United States Code covers the coastwise laws, including the Jones Act, that are administered by CBP.

⁴² The OCSLA provision of most relevance in this case is section 4(a)(1), which extends all U.S. laws (including the coastwise custom and navigation laws) to those "installations and other devices permanently or temporarily attached to the seabed, which may be erected thereon for the purpose of exploring for, developing, or producing resources therefrom." 43 U.S.C. § 1333(a)(1).

⁴³ See Customs Letter Ruling HQ H012082 (Aug. 27, 2007) (recognizing long-standing precedent that dynamically positioned vessels on the installation location of piles is not subject to coastwise regulations under OCSLA); Customs Letter Ruling HQ 115134 (Sept. 27, 2000) (ruling that floating offshore service facility is not subject to customs and navigation laws pursuant to OCSLA insofar as "onboard vessel propulsion system," rather than anchoring was used to maintain the vessel's position next to the drilling unit); Customs Letter Ruling HQ 113838 (Feb. 25, 1997) (ruling that custom and navigation laws do not apply to a saturation diving vessel that maintains its position with a DP system without the use of anchors); Customs Letter Ruling HQ 109576 (July 12, 1988) (ruling that vessel is not attaching to the seabed in cases where the vessel maintains its position by a DP system).

⁴⁴ See Customs Letter Ruling HQ H012082.

⁴⁵ Customs Letter Ruling HQ 115799 (Sept. 30, 2002). *See also* Customs Letter Ruling HQ 115531 (Dec. 3, 2001) (ruling that customs and navigation laws do not apply under OCSLA to a dynamically positioned vessel that is hooked to concrete pads on the seabed during the installation of those concrete pads); Customs Letter Ruling HQ 111126 (Aug. 16, 1990) (ruling that a vessel is attached to the seabed by moving the anchors of other vessels).

These CBP rulings further underscore that it is appropriate for EPA to determine here that CLVs do not meet the "attached to" criterion for classifying a vessel as an OCS source under the Part 55 OCS regulations.

Federal Court Decisions: Courts have found that section 4(a)(1) of OCSLA does not regulate drill ship vessels that are not attached to the sea floor and erected thereon. One example is Cunningham v. Offshore Specialty Fabricators, Inc., 46 in which a federal district court found that the drill ship was not erected on the seabed because the deployed anchors did not sufficiently attach the vessel in order to render it an OCS source.⁴⁷ The court specifically compared the drill ship's activities to other cases regarding the use of anchors, such as when a vessel drops eight large anchors to stabilize its position but is not actually erected on the OCS, and when a tender vessel is anchored to the seabed but not erected on the OCS like a jack-up rig. 48

In Global Industries Offshore LLC v. Pipeliners Local Union 798, a federal district court in Louisiana considered the applicability of OCSLA section 4(a)(1) to a dispute stemming from a construction project consisting of 90 miles of pipeline laid in the Gulf of Mexico.⁴⁹ The process involved welding individual pieces of pipe into one continuous pipeline as it was lowered into the Gulf of Mexico while a derrick barge was stationary with tension machines holding the pipeline off the back of the vessel.⁵⁰ The court determined that the derrick barge did not utilize a traditional anchor system but rather positioned itself using a DPS and was attached to the seabed through a "suction pile." In interpreting OCSLA section 4(a)(1), the court deferred to CBP rulings providing that DPS vessels operating on the OCS for pipe laying purposes do not fall under the provisions of the OCSLA, finding that OCSLA section 4(a)(1) did not apply to the time period that the derrick barge was installing pipeline on the OCS.⁵²

CLVs used for offshore wind projects are very similar to the cases of Cunningham and Global Industries Offshore. Like in Cunningham, where the mere fact that a vessel was anchored to the seafloor did not give rise to a determination that the vessel achieved OCS

⁴⁶ No. 5:04-CV-282, 2010 WL 11628021, at **2-5 (E.D. Tex. Aug. 17, 2010).

⁴⁷ Id. at *7; see Demette v. Falcon Drilling Co., 280 F.3d 492, 496 (5th Cir. 2002) (OCSLA applied to an oil rig attached to the seabed and erected on the OCS for the purpose of drilling for oil because the rig was stationary and jacked up over the OCS), overruled on other grounds by Grand Isle Shipyard, Inc. v. Seacor Marine, LLC, 589 F.3d 778 (5th Cir. 2009); see also United States v. Kaluza, Criminal Action No. 12-265, 2013 WL 6490341 (E.D. La. Dec. 10, 2013) (OSCLA applied to Deepwater Horizon because the rig was attached to the seabed through a physical drill pipe and erected on the OCS as an installation necessary for the removal of oil), aff'd in part, 780 F.3d 647 (5th Cir. 2015).

⁴⁸ Cunningham, No. 5:04-CV-282, 2010 WL 11628021 at *7; see United States v. Pickett, 598 F.3d 231, 236-37 (5th Cir. 2010); see Demette, 280 F.3d at 499-500 n.28; cf. Global Indus. Offshore LLC v. Pipeliners Local Union 798, No. Civ.A. 04-1249, 2006 WL 724815, at **3-4 (W.D. La. Mar. 16, 2006).

⁴⁹ 2006 WL 724815 at **1-2.

⁵⁰ Id.

⁵¹ Id. at *3. Suction piles are used as mooring anchors and foundations for anchoring large offshore installations, such as oil platforms, offshore drillings, and accommodation platforms, to the seafloor. ⁵² *Id*.

source status, the occasions during which CLVs use anchors and pull-ahead winches for additional pulling power do not make the CLV an OCS source.

Furthermore, the CLV that would be used for Orsted projects is like the derrick barge used in *Global Industries Offshore*, as laying pipeline is similar to laying cable. While the derrick barge in *Global Industries Offshore* was attached to the seabed through a suction pile, the court still found that the vessel was not subject to the OCSLA. In the case of Orsted's projects, a CLV is not planned to be permanently or continuously attached to the seabed at all, other than the use of an anchor for supplying sufficient pulling force for ploughing and cable burial operations.

These court decisions further underscore that a CLV should not be considered "attached to the seabed, which may be erected thereon for the purpose of exploring, developing or producing resources" within the meaning of OCSLA section 4(a)(1), thereby precluding the classification of CLVs as a OCS source under the Part 55 regulations. Furthermore, if the CLV activities are not an OCS source, then only those emissions from CLVs while within 25 miles of the centroid of the WDA can be considered direct emissions of the OCS source when calculating the source's potential to emit. ⁵³

IF A CABLE-LAYING VESSEL USING ANCHORS IS CLASSIFIED AS AN OCS SOURCE, THE BOUNDARIES OF THE SOURCE MUST BE LIMITED TO ONLY THOSE VESSEL ACTIVITIES IN CLOSE PROXIMITY OF THE WIND TURBINE GENERATORS.

If EPA, despite the reasons described above, determines that a CLV is an OCS source subject to Part 55 regulation, the key question becomes how to define the geographic boundaries of the OCS source. One possible approach is to limit the boundaries to the primary OCS activities in the WDA, which only consist of the construction of the offshore WTGs and substations and diesel generators on the offshore substations. The other might be to extend the boundaries beyond the WDA along the full length of the export cable route in federal waters—which could stretch out well beyond 25 miles of the centroid of the WDA. This latter approach is inconsistent with the "common sense notion of a plant," as defined by EPA regulatory guidance described below.⁵⁴

The relevant Part 55 regulations—as interpreted by the EAB and courts—require EPA to aggregate into one OCS source the CLV activities and the primary OCS source activities related to the wind farm. That policy requires the Agency to limit the geographic scope of the combined OCS source to only those CLV activities occurring within 25 miles of the centroid of the WDA or in close proximity thereto. To put in other words, EPA lacks the authority under its current aggregation policy to extend out boundaries for lengthy

⁵³ See 40 C.F.R. §55.2 (definition of potential emissions).

⁵⁴ In the case of Vineyard Wind, for which a draft permit is publicly available, EPA established two discrete OCS sources. One consists of the pollutant-emitting facilities and activities located within the WDA, which generally includes the offshore WTGs and other related facilities and activities in the WDA. The other includes the anchor-pulling CLV activities that are to be undertaken completely outside and apart from the WDA in the federal waters of Nantucket Sound with several miles of intervening ocean within the jurisdiction of the State. Vineyard Wind OCS Guidance at 9. EPA Region 1 is evaluating whether or not to follow the Vineyard Wind permitting decision in the upcoming permitting of other projects.

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distances beyond the centroid of the WDA, as reflected in the hypothetical illustration provided in Attachment A. As reflected in the attached illustration, the OCS boundaries in some cases could extend out as far as 76 miles from the centroid of the OCS source and even require the expansion of the OCS source along the length of multiple export routes in the case of those offshore wind projects having more than one export cable route.

Requirement to Aggregate. Even if the EPA could find that a CLV meets the "attached to" and "erected thereon" criteria (which is doubtful based on the many reasons discussed above), a CLV clearly cannot meet the last criterion—"used for the purpose of exploring, developing, or producing resources" from the seabed"55—when it is evaluated as a separate and distinct standalone source. Therefore, EPA must aggregate CLV activities with the other primary construction source activities in the WDA.

First, as discussed above, the function and design of a CLV is to install offshore electric transmission cable on the seabed.⁵⁶ This activity, particularly when evaluated on its own, is different from the activities of the primary OCS source—namely the generation of electricity by the operation of offshore WTGs and other associated activities in the WDA. Wind electric generation and bulk power transmission and control have different North American Industry Classification System (NAICS) Codes (221115 and 221121, respectively).

In order for EPA to make an affirmative finding that the CLV is being used for the purpose of developing or producing resources in the OCS, the Agency must link or combine the supporting activities of the CLV with the primary OCS source activities related to the construction of the WTGs and substations in the WDA. Making this linkage, in effect, results in the aggregation of CLV activities with WTGs and other energy-producing activities in the WDA. By contrast, treating the CLV activities as a separate standalone source means, by definition, the CLV activities themselves are just laying export cable and not exploring, developing, or producing resources in the OCS.

This conclusion is bolstered by the long-standing NSR policy for the Agency to aggregate "support facilities" with a different NAICS Code than the primary facility that is producing the principal product. In this hypothetical, the source consists of both the primary facility that "is determined by its principle product (or group of products) produced or distributed" by the facility, as well as the "support facilities" that "convey, store, or otherwise assist in the production of the principal product." One notable example provided in EPA guidance

⁵⁵ Shell 2012, 15 E.A.D. at 491 (citation omitted). The courts have also recognized that a vessel must satisfy all three of these requirements in order to be subject to U.S. laws under OCSLA section 4(a)(1). See Demette, 280 F.3d at 496 (establishing a test for when OCSLA applies).

⁵⁶ The First Circuit's decision in *Alliance to Protect Nantucket Sound v. U.S. Dept. of the Army*, 398 F.3d 105 (1st Cir. 2005), that an offshore data collection tower not used for exploration or development of resources on the OCS is properly regulated by the Army Corps of Engineers under the OCLSA is not relevant here. That case specifically interprets the language in the OCSLA with regard to the jurisdiction of the Army Corps to permit structures on the OCS as specified in 43 U.S.C. § 1333(e), which has no bearing in the current situation.

⁵⁷ See EPA's New Source Review Workshop Manual at A.3 (October 1990); see also EPA Fact Sheet for the Cape Wind Offshore Renewable Energy Project at 22 (Cape Wind Project).

is the collocation of a power plant that generates electricity and a silicon wafer and semiconductor manufacturing facility. Even though these two facilities have different NAICS Codes, current EPA policy requires that they be treated as part of the same source because "the power plant supports the primary activity of the facility" to manufacture these semiconductor wafer products. ⁵⁸

EPA has confirmed the application of this source aggregation policy in the case of the OCS NSR permit for the Cape Wind Farm. In particular, the technical support document for the draft NSR permit concluded: "Facilities that convey, store, or otherwise assist in the production of the principal product, which are called support facilities, may therefore be considered part of the same stationary source even if their own two-digit [NAICS] code would differ from the facilities involved in the primary activity." EPA made this determination with respect to those support vessels involved in the construction of the windfarm at the project site, concluding that these vessel activities "are not unrelated activities, but rather components of a larger activity" and that "each vessel and each vessel attachment are **part of a single, integral project**." Based on these considerations, the Agency determined that "it is reasonable to **aggregate all vessel attachments** over both space ... and time" and thereby treated "all stationary source vessel activities during Cape Wind Phase I as constituting a single OCS source." 61

The regulations expressly require that a vessel satisfy <u>all</u> of the OCS applicability criteria, including the criteria that the vessel be engaged in exploring, developing, or producing resources. This is the case regardless of whether there happens to be an adjacent OCS source undertaking those offshore activities. For the reasons discussed above, the regulations expressly require the CLV satisfy <u>all</u> of the OCS applicability requirements before that vessel can be treated as an OCS source. As a result, EPA can only find the CLV is engaged in exploring, developing, or producing resources on the OCS if it combines or aggregates the CLV activities with the WTGs and associated equipment in the WDA that are used for the production of electricity on the OCS.

<u>Limitation on Geographic Scope</u>. If a CLV is part of the primary OCS source, then EPA must define the geographic scope of that combined OCS source in accordance with the current federal aggregation policy for defining the boundaries of a "stationary source" under the federal NSR program. That aggregation policy bars the Agency from extending the OCS source boundaries beyond the WDA along the full length of the export cable route to the onshore substations. Rather, as discussed below, the Agency must limit the geographic scope of the combined OCS source to only those CLV activities occurring within 25 miles of the centroid of the WDA or in close proximity thereto.

When determining whether groups of emission sources are to be aggregated into one "stationary source" for air permitting purposes, EPA issued new guidance in 2019 that looks to the "common sense notion of a plant" and avoids combining or aggregating

⁶⁰ *Id.* at 22-23 (emphasis added).

⁵⁸ See EPA's New Source Review Workshop Manual at A.3.

⁵⁹ Cape Wind Project at 22.

⁶¹ *Id.* at 23 (emphasis added).

pollutant-emitting activities that would not fit within the ordinary meaning of "building, structure, facility, or installation,"62 With respect to the considerations that must be undertaken in this case-by-case analysis, EPA focused its analysis on the following three factors with regard to emission sources: (1) whether they belong to the same industrial grouping; (2) are located on one or more contiguous or adjacent properties; and (3) under the common control of the same person or persons.⁶³

EPA's interpretation of "adjacent" in the 2019 guidance is consistent with prior OCS source determinations as well as prior EAB decisions. Even before EPA finalized the physical proximity interpretation in the guidance discussed above. EPA relied on this type of approach in the OCS source determination for Vineyard Wind.⁶⁴ When undertaking the third step in the source determination analysis, EPA referenced the long-standing approach of disaggregating from a single source those activities that are many miles apart similar to multiple sources along a pipeline or a transmission line. 65 EPA also referenced the draft version of EPA's new guidance noted above and determined that it would apply the term "adjacent" consistent with the reasoning set forth in the draft (which was ultimately finalized unchanged). 66 In particular, EPA noted that the separation of 15 nautical miles from the closest point of the WDA would be of too great a distance to be considered in close proximity and thus included in the OCS source definition for the project. Furthermore, EPA considered that the several miles of ocean within state jurisdiction (outside the OCS) was yet another reason supporting separating out the export cable activity located in Nantucket Sound.⁶⁷

As for whether EPA can aggregate sources separated by 60 miles or more and expand source modeling along the linear length of the export cable, there are several important considerations in defining the boundaries of the OCS source. First, there are limits on EPA's authority to extend the geographic boundaries of the source far beyond the centroid of the WDA. This limitation on EPA's authority was acknowledged by the EAB in the opinion concerning the drill ships used by Shell Offshore, Inc. in its OCS oil explorations. ⁶⁸ Specifically, the EAB rejected the argument that side-by-side lease blocks constituted contiguous or adjacent property for aggregation purposes.⁶⁹ Instead, the EAB adopted a much narrower, common sense interpretation of the phrase "contiguous or adjacent properties." That interpretation does not "require[e] aggregation of emissions producing

⁶² See EPA, Memorandum, Interpreting "Adjacent" for New Source Review and Title V Source Determinations in All Industries Other than Oil and Gas, at 4 (Nov. 26, 2019) (Interpreting "Adjacent" https://www.epa.gov/sites/production/files/2019-Guidance) (citation omitted), available at 12/documents/adjacent guidance.pdf.

⁶³ Id. at 3. As noted earlier, wind electric generation and electric power transmission systems are not part of the same industrial grouping and have different North American Industry Classification System (NAICS) codes. Thus, the WTG and the export cable also would fail to meet the industrial grouping factor for purposes of determining whether sources are adjacent and should be aggregated as a single NSR source for permitting. ⁶⁴ See Vineyard Wind OCS Guidance at 10-11.

⁶⁵ *Id.* at 4.

⁶⁶ Id. at 9.

⁶⁷ *Id.* at 10-11.

⁶⁸ See In re Shell Offshore, Inc., 13 E.A.D. 357 (EAB 2007).

⁶⁹ *Id.* at 384-85.

activities spanning hundreds of miles interspersed with vast swaths of open water that is accessible to the public would distort the ordinary meaning of 'building, structure, facility, or installation" in a manner that EPA did not intend when it promulgated the definition."⁷⁰

Second, the EAB cited two examples that EPA provided in the preamble to the PSD rule—a pumping station along a pipeline and a coal mine connected by a 20-mile rail line to an electric generator—as circumstances where sources should not be aggregated due to the intervening distance. These examples, the EAB notes, demonstrate that where the emission units are separated by a number of miles, a continuous pipeline and rail line are not sufficient connections to be considered "contiguous or adjacent properties" within the PSD regulations.⁷¹ The EAB observes that "contiguous or adjacent properties" must be interpreted to mean more "substantial connectedness, proximity, or continuity that would correspond to a common understanding of building, structure, facility, installation, or plant."⁷²

Thus, it is physical proximity—which reflects the common sense notion of what is a stationary source—that must be considered by the Region when establishing which emission sources should be included in the stationary source for PSD permitting purposes. As a result, an OCS source should be limited to only those activities that are "close to," "next to," "not distant," or "nearby." Otherwise, for multiple projects, the edge of the CLV activities could be over 60 miles from the center of the other activities in the wind farm. An indicative example is provided in Attachment A. As offshore wind projects become larger and further offshore, the distances of export cables likely will increase. EPA should not extend the geographic boundaries of the OCS source to include the CLV activities spanning long distances from, for example, the electrical service platforms in the WDA to the nearshore cable landfall location. Such an approach would be inconsistent with EPA's established approach to aggregation under the NSR program.

CONCLUSION

The applicable statutory and regulatory OCS requirements, as well as judicial precedent interpreting these provisions, support a conclusion that CLV activities, where the vessel is using anchors for propulsion, do not meet the applicability criteria for an OCS source. As discussed above, CLVs fail to meet the applicability criteria for "attached" and "erected thereon." However, in the event that EPA were to conclude that these types of CLV activities are an OCS source (which we believe is not the case), these vessel activities should be aggregated with the primary OCS source in the WDA. Further, the Agency should limit the geographic scope of the combined OCS source under EPA's current aggregation policy. The policy requires EPA to include CLV activities only to the extent that they have physical proximity to the primary OCS source, which is limited to 25 miles from the centroid of the WDA.

⁷¹ *Id.* at 385.

⁷⁰ *Id.* at 384.

⁷² *Id.* (internal footnote omitted).

⁷³ Interpreting "Adjacent" Guidance at 7.

